

CASE STUDY

BANKING

BUSINESS INTELLIGENCE DATA-MINING

CLIENT BACKGROUND

Our client is the largest universal bank in the country, providing a full range of banking and other financial services through its local and international branches. It has consistently been ranked first in the country in terms of assets, loans and deposits.

It was listed as one of the top companies in Asia in the January 202 issue of Far Eastern Economic Review, and was a recipient of the Hall of Fame Award as Outstanding Commercial Bank from the Consumers' Union in the country. The Bank was also recognized by Finance Asia as one of Asia's Best managed Companies in May 2001.

The company has continued to grow via rapid acquisitions of smaller players in the market. The challenge was to be 'the biggest' as well as 'the best'.

Client Issues

The Company was beginning to see the first signs of losing market share. Small and nimble competitors, using an extremely focused approach, had begun to chip away some of its large accounts. To make matters worse, the organization knew little of the reasons for this 'churn'. There was, hence, an urgent need to stitch together a 'single-profile' of its customers that could be used as building blocks for strengthening relationships with its existing customer base.

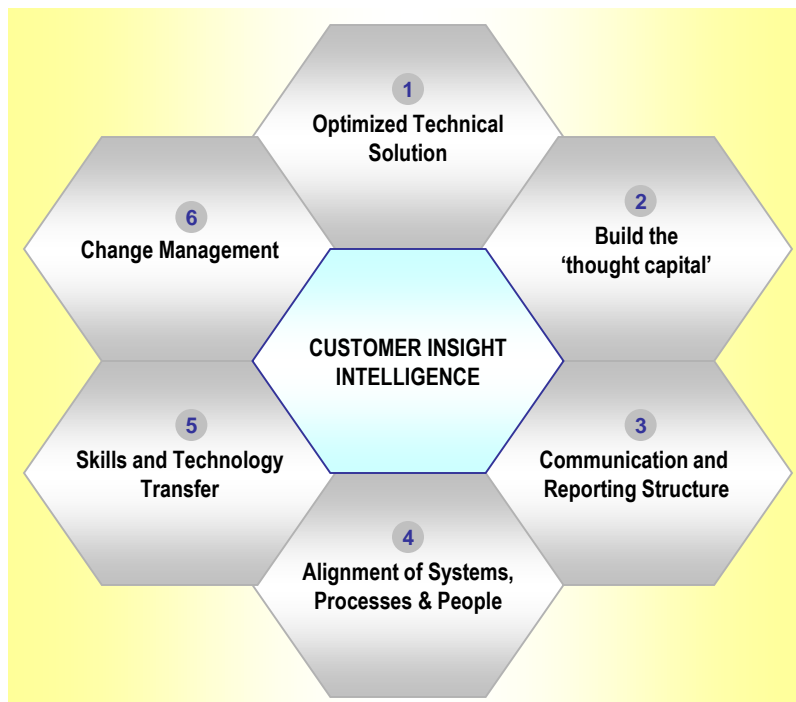
Client Considerations

- Senior Management wanted to focus on two efforts – 'revenue generation' and 'financial risk management'. All efforts had to be aligned to support those objectives.
- The organization wanted a customer-insight roadmap, as well as assistance in its actual execution.

That's why our client approached Abacus, change management specialists and, experts at deriving 'real value' from data mining efforts. This meant additional responsibility for creating the foundation for a 'knowledge-driven organization'.

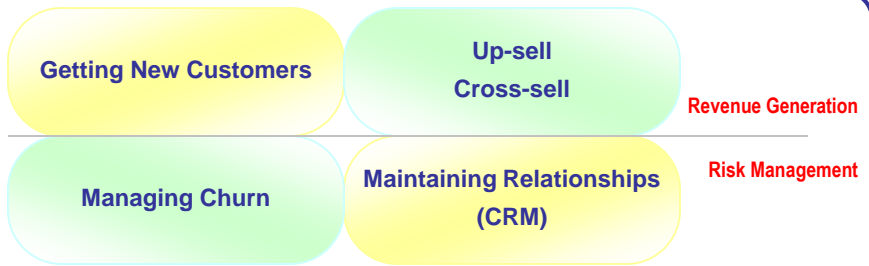
Our Approach: Customer Insight Roadmap

- Step 1 – Optimized Technical Solution** that helped build a "single-customer" view
- Step 2 – Build the 'thought capital'** by Data-mining for small victories
- Step 3 – Institutionalized Communication & Reporting Structure** for aligned Planning, Execution, and Measurement of results
- Step 4 – Aligned Systems, Processes and People** to 'Revenue Generation' and 'Financial Risk Management' objectives
- Step 5 – Transferred Skills and Technology** to use the tools to deliver 'real value'
- Step 6 – Ensured appropriate Change Management** to sustain the 'business-intelligence' discipline



Approach: Customer Insight Lifecycle

Our unique approach was **'end-results' driven**, built on the four pillars of 'insight lifecycle'. These were designed to meet the twin objectives of 'revenue generation' and 'financial risk management'.



DELIVERABLES: 'Getting New Customers'

Answered the Following Questions (Who, What, Where, How)

- ✓ What is the profile of **Customers we should target**?
- ✓ What is the correct niche of **Products**... we should target for specific niche of Customers?
- ✓ What profile of **Customers should we avoid** (ones that pose maximum default risk)?
- ✓ What is the profile of customers that pose the **biggest threat** to our market share?
- ✓ Which are the branches where we should **concentrate our Account Managers**?
- ✓ Which is the most effective medium for product **Promotion**?
- ✓ How can the Account Managers become more effective in **Revenue Generation**?

DELIVERABLES: 'Up-sell + Cross-Sell'

Answered the Following Questions

- ✓ What is the profile of **Customers** with the most potential for Up-sell?
- ✓ What is the profile of **Customers** with the most potential for Cross-Sell?
- ✓ What is the correct niche of **Products** that can be appropriately positioned for Up-sell efforts?
- ✓ What is the correct niche of **Products** that can be appropriately positioned for Cross-sell efforts?
- ✓ What is the correct profile of Customers appropriate for **positioning new/marginal products**?
- ✓ What is the **'single-transaction profile'** of our existing customers?
- ✓ What are missed **'revenue generating'** opportunities?
- ✓ Are there specific niche of customers exhibiting **'interest rate elasticity'**?

DELIVERABLES: 'Managing Churn'

Answered the Following Questions

- ✓ What is the **profile** of our **'churned'** customers?
- ✓ What are the **reasons** for **'churn'**?
- ✓ What are **trigger-points and thresholds** for **'churn'**?
- ✓ Which of our **products face the biggest threat** from competition?
- ✓ What is the **Risk profile** of our **'default'** customers (first tier)?
- ✓ Which niche of customers poses the biggest **Risk (second tier)**?

DELIVERABLES: 'Maintaining Relationships (CRM)'

Answered the Following Questions

- ✓ What are the **Service level expectations** for various niche of customers?
- ✓ What is the **'single-service profile'** of our existing customers?
- ✓ What are the existing service levels for **'customers moments of truth'**?
- ✓ How are **'queues'** being currently managed across various niche of customers?
- ✓ What are the key **drivers to strengthen relationships** with our customers?

Client Comments

"We are very appreciative of the work Abacus did with us on our Business Intelligence Systems... This helped us better understand and redefine the way we cater to the different needs of our customers... I have complete faith that we will continue to sustain benefits for many years to come"

President

"The tools provided by Abacus have become indispensable in our Planning efforts. These permeate everything we do – pricing, promotion and product development..."

Senior Vice President, Corporate Planning

BENEFITS from:

Incremental Benefits

Increase Account-Managers' Sales Conversion Rate by appx. Three-folds	PHP 116m
14% Incremental increase in Transaction portfolio from Up-sell Efforts	PHP 379m
23% Incremental increase in Transaction portfolio from Cross-sell Efforts	PHP 202m
Reduced overall Churn Rate by 26%	PHP 145m

Annualized Benefits = US\$ 15,035,714